

LAW OFFICES OF
KIMBALL, PARR, WADDOUPS, BROWN & GEE
A PROFESSIONAL CORPORATION
SUITE 1300
185 SOUTH STATE STREET
POST OFFICE BOX 11019
SALT LAKE CITY, UTAH 84147
TELEPHONE (801) 532-7840
TELECOPIER (801) 532-7750

CLAYTON J. PARR

October 25, 1991

Mr. Wayne Hedberg
Division of Oil, Gas & Mining
3 Triad Center, Suite 350
355 West North Temple
Salt Lake City, UT 84180-1203

Re: Geneva Steel, Keigley Quarry,
M/049/001, Utah County Utah

Dear Wayne:


As per approval by the Board on October 24, 1991, of the amount and form of replacement surety for the Keigley Quarry, I am enclosing an original executed copy of a Surety Bond issued by St. Paul Fire & Marine Insurance Company, as surety, and Geneva Steel, as principal. The revised Reclamation contract signed by Geneva and the Surety have already been provided to the Division.

After the documents have been signed on behalf of the Division and the Board, would you please transmit copies to me.

I am also enclosing a draft form of letter to be used to close the depository account previously established as surety for the Keigley Quarry. Would you please work with Dianne Nielson to effect the completion and mailing of that letter to Valley Bank & Trust.

Thank you for your cooperation.

Very truly yours,


Clayton J. Parr

CJP/wc
Enclosure
cc: Dianne Nielson (w/o encls.)
Roy Benson (w/o encls.)
Lynn Hart (w/o encls.)
Paul Ludwig (w/o encls.)

GEN\WH.wc

RECEIVED

OCT 25 1991

DIVISION OF
OIL GAS & MINING

SURETY ESTIMATE UPDATE

Geneva Steel

Keigley Quarry M/049/001 Utah County

DOGM
MINERALS PROGRAM
FILE COPY

Prepared by Utah Division of Oil, Gas & Mining

Last Update

October 11, 1991

DESCRIPTION:

- Original reclamation estimate calculated in 1988 (\$448,600 -1988 \$)
- Estimate was originally escalated to 1993-\$ using 2.3% => \$502,600
- Letter of 2/17/89 adjusted surety using future rate projected from 1989 (2.0%)
- This is meant to clarify/document the 1989 surety update
- This surety is due for its 5 year review in 1994
- Escalation factors through 1988 are actual Means Historical Cost Indices
- Current future escalation factor is now 1.45% (for 1991 forward)

CALCULATIONS		Keigley Quarry	
	YR	ESCAL FACTOR	BOND AMOUNT
	1980	0.0860	\$0
	1981	0.0991	\$0
	1982	0.0940	\$0
	1983	0.0104	\$0
$F = P(1 + i)^n$	1984	0.0092	\$0
	1985	0.0290	\$0
F = Future Sum	1986	0.0210	\$0
P = Present Sum	1987	0.0195	\$0
i = Escalation Factor	1988	0.0181	\$448,600
n = number of periods	1989	0.0200	\$457,572
	1990	0.0200	\$466,723
	1991	0.0200	\$476,058
	1992	0.0200	\$485,579
	1993	0.0200	\$495,291
	1994	0.0200	\$505,196
Updated Surety Amount Rounded (1994 \$)			\$505,000
Estimated total disturbed acreage		400	
Avg. cost per acre =		\$1,263	